

# MANUAL TRANSMITTAL

Department  
of the  
Treasury

Internal  
Revenue  
Service

5.1.2

AUGUST 6, 2001

---

## PURPOSE

This transmits a complete revision for IRM 5.1.2, Remittances, Form 809 and Designated Payments (and exhibits).

## BACKGROUND

This IRM provides procedures for handling remittances and using Form 809 and designated payment codes. These procedures are primarily for the use of revenue officers.

## NATURE OF CHANGES

This transmittal reissues existing procedures in the new IRM format. The IRM has been renumbered, what was formerly a chapter is now a section. This section has been revised to correct titles and correct cite numbers in the text.

## INTENDED AUDIENCE

SB/SE Compliance

## EFFECT ON OTHER DOCUMENTS

NA

Jeffrey Basalla  
Director, Filing & Payment Compliance  
Small Business/Self Employed



**Table of Contents**

---

## 5.1.2

## Remittances, Form 809 and Designated Payments

- 5.1.2.1 Payment Documents
  - 5.1.2.1.1 Postdated Checks
  - 5.1.2.1.2 Taxpayer Receipts
  - 5.1.2.1.3 Transaction Codes
  - 5.1.2.1.4 Cash Payments
  - 5.1.2.1.5 Payment By Check
  - 5.1.2.1.6 Loss of Payments
  - 5.1.2.1.7 Payments On Inactive Accounts
- 5.1.2.2 Use of 809
  - 5.1.2.2.1 The Form 809 Book and Assembly
  - 5.1.2.2.2 Issuing a Form 809
  - 5.1.2.2.3 Form 809 Issued for Estate Tax Payment
  - 5.1.2.2.4 Correcting Errors
  - 5.1.2.2.5 Ordering A New Form 809 Book
  - 5.1.2.2.6 Returning an 809 Book Cover or A Partially Used 809 Book
- 5.1.2.3 Lost or Stolen Form 809
  - 5.1.2.3.1 Recovery of Lost or Stolen Forms 809
- 5.1.2.4 Overview of Designated Payments
  - 5.1.2.4.1 Designated Payment Code
- 5.1.2.5 Application of Proceeds From Levy
- 5.1.2.6 SCCB Application Guidelines for Trust Fund Penalty Accounts
- 5.1.2.7 Designated Payment Codes "03" and "11" Bankruptcy

**Exhibits**

- 5.1.2-1 Form 809 and Instructions



5.1.2.1 (01-22-2001)

**Payment Documents**

- (1) Acceptable payment documents include, but are not limited to the following:
  - Return envelopes.
  - Turnaround notices (MF and IDRS notices to taxpayer).
  - Correspondence.
  - Form 3244, Payment Posting Voucher.
  - Form 809, Receipt for Payment of Taxes
  - Form 1040-ES (Estimated Tax Declaration—Voucher).
  - Federal Tax Deposits/EFTPS payments.
- (2) Whenever possible, use suitable posting documents containing all of the information needed for deposit and input into IDRS. Some documents may be brought up to such standards by adding information and coding and editing. To be acceptable for input, the posting document must identify the originator and contain:
  - a. Taxpayer name, last known address (including zip code), and identification number.
  - b. MFT and period.
  - c. Payment received date. Use the date the payment is actually received by the IRS.

**Note:** However, if some other designated official/agency initially receives the remittance, e.g. the U.S. Attorney in foreclosure actions, use the date of receipt by that agency and enter a brief statement in the remarks section of the posting document to explain why the earlier date was used.

  - d. Payment amount(s) and transaction codes(s).
- (3) Prepare Form 3244 to process a payment if:
  - a. Form 809 receipt is either not required or can not be used as a posting voucher (See section 2.2.2 of this chapter.)
  - b. Other suitable posting document is not available.
- (4) Prepare payment documents (other than receipts) in original only.

5.1.2.1.1 (01-22-2001)

**Postdated Checks**

- (1) Do not solicit postdated checks. If a taxpayer pays with one, ask for a currently dated check, instead. However, local management may determine a period of postdating that does not warrant refusing a check or mailing one back to the taxpayer for replacement. Instead, these will be held in the Collection Support function until the date on the check arrives. Write boldly in red on the posting document, "Postdated Check. Do Not Process Until \_\_\_\_\_".

5.1.2.1.2 (01-22-2001)

**Taxpayer Receipts**

- (1) If the taxpayer pays in cash or asks for a receipt for any other payment, Taxpayer Receipts prepare a Form 809. Never give posting documents to taxpayers instead of Form 809 receipt. Notify the manager promptly if a

taxpayer shows that anything other than Form 809 has been used as a receipt.

Managers must report this to TIGTA.

5.1.2.1.3 (01-22-2001)

**Transaction  
Codes**

- (1) When preparing payment posting documents other than Form 809, use Transaction Codes input via TC 670 for:
  - a. All assessed amounts and all accrued failure to pay (FTP) penalty and interest, except in those instances described in (2) below.
  - b. All federal tax deposits (FTDs) secured by an employee in an area office. These FTDs are not routed through the FTD system and are, therefore, treated as subsequent payments.
  - c. All BMF estimated payments (ES) for the Form 1120 series of returns.
  - d. Payments of lien fees. If the lien fees have not yet been assessed, use TC 360 simultaneously with TC 670.
  - e. Payments received with substitute for return (SFR) and Forms 1902-B, resulting from SCCB's program.
- (2) Following are special circumstances requiring different or additional transaction code input:
  - a. Payments on BMF, IMF and civil penalty modules designated for application to interest or penalty—use TC 680 for the amount of designated interest and TC 690 for the amount of designated penalty.
  - b. Payments on BMF and IMF modules having a restricted interest indicator (TC 340 or TC 341) — use TC 680 for the amount of accrued interest.
  - c. Payments on BMF and IMF modules having a restricted FTP penalty indicator (TC 270 or TC 271) — use TC 670 to post the remittance amount and TC 270 for the amount of accrued penalty.
  - d. Payments on IMF modules designated by the taxpayer as estimated payments (ES) — use TC 430.
  - e. ES payments on BMF and NMF modules for Estate Taxes (Form 706) and Gift Taxes (Form 709) — use TC 660.
  - f. Payments on NMF modules designated for application to interest or penalty — use TC 680 for the amount of designated FTP and TC 270 for any unassessed amounts of FTP penalty included in the payment.
  - g. Payments on NMF modules for accrued FTP penalty — use TC 670 to post the remittance amount and TC 340 for the amount of accrued interest.
  - h. Payments on NMF modules for accrued FTP penalty — use TC 670 to post the remittance amount and TC 270 for the amount of accrued FTP penalty.
  - i. Full payment of NMF modules — request input of command code STAUP 12, using a separate input document from the one used to input the transaction codes.
  - j. A remittance received before the posting of TC 671, Subsequent Payment Check Dishonored (prior to the Bal Due issuance), must be

input with a primary TC 670 and secondary TC 570, Additional Liability Pending, to ensure that the credit will not be refunded as an overpayment.

- k. Payment of sale and/or administrative costs will be input by TC 694. Any funds received in excess of collection costs will be input by TC 670. If collection costs have not yet been assessed, use TC 360 for the amount of the costs simultaneously with TC 694.
- l. Pre-assessed payments secured require establishment of a name line and input of TC 640, (Advance Payment of Determined Deficiency).
- m. If a NMF payment exceeds the total of assessed tax, interest and penalty for all periods, apply the excess to the earliest period, using TC 670.

#### 5.1.2.1.4 (01-22-2001)

#### Cash Payments

- (1) To minimize risk of losses, convert cash to a bank draft or money order by the close of the business day on which it was collected, or as soon as possible on the next business day, and:
  - a. Make bank drafts or money orders payable to **United States Treasury**, and identify them on Part 3 of Form 809.
  - b. Record the name of the issuing bank or money order company, the serial number, and the date of conversion in the block provided.
- (2) At local management discretion, office collection representatives may turn in cash to the remittance-processing unit instead of converting it to a bank draft or money order. The cash must be turned in at least daily. However, large amounts of cash (as determined by local management) must be turned in as soon as possible rather than waiting until all of that day's cash is turned in. Parts 1 and 3 of Form 809 must be turned in with the cash.
- (3) If a bank asks the employee to complete a Currency Transaction Report when more than \$10,000 is being converted, point out that Treasury Regulations [31 CFR 103.22(b)(2)(iii)] state that a bank may exempt from reporting, "exchanges of currency or other payments and transfers..., "by," ... the United States or any of its agencies or instrumentalities..." However:
  - a. If a bank will not allow an exemption, a management official will contact the bank operations manager and request a blanket exemption for all revenue officers that identify themselves by presenting their commissions.
  - b. If the bank still does not accept this, arrangements will be made by area collection management to use another bank for cash conversions, and inform revenue officers.
  - c. Management in the area will then determine whether to pursue the matter with the headquarters of the bank, which is refusing to allow the exemption.

- (4) Convert cash remittances relating to a Form 2209, Courtesy Investigation, as prescribed in (1) above. Annotate Part 1 of Form 809 that the remittance relates to a Courtesy Investigation. (See IRM 5.1.8).

5.1.2.1.5 (01-22-2001)

#### **Payment By Check**

- (1) Tell taxpayers to make checks or money orders payable to **United States Treasury**. However, if a remittance is payable to "IRS" or the payee line is left blank, over stamp it with the words "United States Treasury." If the remittance is made payable to a Collection employee, accept the payment and endorse it as follows: "Pay to the order of the United States Treasury." (Signature of Collection employee)
- (2) If a remittance is received that is endorsed by the payee in such a manner that it is negotiable, it must be restrictively endorsed immediately below the last endorsement by writing or stamping "For Deposit Only-United States Treasury."
- (3) If one payment is received for several Bal. Dues and/or returns, prepare posting documents to apply the right portion of the payment to each one.

5.1.2.1.6 (01-22-2001)

#### **Loss of Payments**

- (1) If an employee has a cash shortage, receives counterfeit funds, is missing negotiable checks or other instruments, or is missing seized property, immediately report the loss to a manager. The employee and a manager must prepare detailed reports and take other necessary actions as described in IRM 5.4, Collection Support and Section 1 of this IRM.

5.1.2.1.7 (01-22-2001)

#### **Payments On Inactive Accounts**

- (1) If payments are received for accounts previously reported currently not collectible, forward for input on Form 795 or Form 795A with the annotation that they pertain to 53'd modules. Also, annotate posting documents, "53'd account."
- (2) Annotate posting documents for NMF accounts that are not on IDRS "Not on IDRS."

5.1.2.2 (01-22-2001)

#### **Use of 809**

- (1) Always issue Form 809, Receipt for Payment of Taxes, when cash is received. If payment is by check, money order, draft, etc. issue a receipt upon request. If a receipt is not requested, process the payment as described in section 2.1 of this chapter.

5.1.2.2.1 (01-22-2001)

#### **The Form 809 Book and Assembly**

- (1) An initial book of Form 809 must be requested by authorized memorandum. Authorizations will be forwarded to the Service Center Teller Unit, and kept on file within the Teller Unit function. In the collection function, the Service Center Teller Unit authorizes the assignment of Form 809 books for their employees. However, clerical personnel will not be issued Form 809 books, due to the segregation of sensitive command codes and completion of Form 809's.



- (2) Each book of Form 809 receipts contains 50 sets of four parts each. There is a statement on the first page, which is signed and returned by the receiving employee to the Service Center Teller Unit. If a new book of receipts is defective, return it to the point of issuance for a replacement book.
- (3) Each Form 809 includes:
  - a. Part 1, Posting Voucher.
  - b. Part 2; Receipt for Payment of Taxes.
  - c. Part 3, Memo Copy.
  - d. Part 4, Receipt Book Copy.

## 5.1.2.2.2 (01-22-2001)

**Issuing a Form 809**

- (1) When Form 809 is issued, keep Parts 1 and 3 in the book until they are submitted with the payment on Form 795 or Form 795A. Give Part 2 to the taxpayer. Cash must be converted to a bank draft or money order. Write the name of the bank or money order company, the serial number, and the date of the draft or money order on Part 3 of Form 809. See Section 2.1 of this chapter for instructions about converting cash.

**Note:** The instructions for completing Form 809 are in Exhibit 5.1.2-1. If Form 809 is issued to a third party, see explanation 10 of the Exhibit.

- (2) When a Form 809 is prepared for payments received on notice accounts, Bal Due, or NMF notice accounts, the Form 809 should be sent to the Service Center Teller Unit for processing. The processing of the Form 809 is as follows:
  - a. Part 1 may be used as the posting document.
  - b. Part 2 is the taxpayer's official receipt.
  - c. Part 3 is retained by the remittance processor and filed in numerical sequence for control purposes.
  - d. Part 4 is retained with the receipt book and serves as a log of issued receipts.
- (3) Since Form 809 is used as a posting document, prepare a separate receipt for each tax period covered by the payment.
- (4) When Form 809 is prepared for a payment with a return, the return itself serves as the posting document. When Form 809 is prepared for a payment received with Form 2290, Heavy Highway Vehicle Use Tax Return, the Form 809 is processed as follows:
  - a. Part 2 is the taxpayer's official receipt.
  - b. Parts 1 and 3 of Form 809 and the Form 2290 are forwarded with Form 795 or Form 795A, Daily Report of Collection Activity, to the local Service Center Teller Unit. The teller unit will post the payment and forward the Form 2290 to the Cincinnati Service Center for processing.

**Note:** Form 809's with Form 2290's are being sent to the Cincinnati Service Center *instead* of to the local service center teller unit.

c. Part 4 is retained with the partially used book.

(5) Guidelines for the preparation of Form 809 in special cases:

- a. Follow instructions in IRM 5.10 Seizure and Sale Handbook relating to the issuance of Certificate of Sale.
- b. See Exhibit 5.1.2-1 for issuing receipts for photocopy fees.
- c. See IRM 5.1 General, Section 8 when issuing receipts relating to courtesy investigations.

**Note:** See IRM 5.2, Reports relating to the preparation and submission of Form 795 or Form 795A.

5.1.2.2.3 (01-22-2001)

**Form 809  
Issued for  
Estate Tax  
Payment**

- (1) IRC 6314(b) provides that duplicate receipts for payment of estate tax will be furnished upon request. If a revenue officer collects estate taxes and the payer asks for a receipt in duplicate, use two consecutive sets of Form 809, write "Duplicate of Receipt No. \_\_\_\_\_, is issued in accordance with IRC 6314(b)" across the top of all parts of the second set. The second set of Form 809 is not processed. The only processing occurs with the first set of Form 809. When processing the first set, Part 4 is retained by the revenue officer. With the second set, Form 809, Parts 1 and 3 will be sent to the local service center teller unit with the original receipt. Part 4 will remain with the Form 809 Receipt Book, while Part 2 is the taxpayer's duplicate receipt. If the duplicate receipt, Parts 1 and 3 are not sent to the teller unit, an automatic teller error will be issued.

5.1.2.2.4 (01-22-2001)

**Correcting  
Errors**

- (1) You may correct an error in preparing a Form 809, except for the following critical items:
- a. The name of the party from whom payment was received.
  - b. The taxpayer identification number.
  - c. All money amounts.
  - d. The date Form 809 is issued.
- (2) To correct an entry, line through the error and enter the correct information. The preparer must initial all corrections. If an error is made to a critical item identified above, void all parts (Parts 1, 2, 3, and 4) by clearly marking "VOID" across the face of each part. (Make no alterations, erasures, or mark over to correct errors made in preparing a receipt. However, code and edit markings needed to perfect the Part 1 for use, as a posting document are permissible.) After entering a brief explanation of the reason for voiding on the reverse of Part 1, attach parts 1, 2 and 3 (stapled together in reverse order) to the Form 795 or Form 795A for the day the receipt was written. Retain part 4 with the other 809 receipts in the Form 809 Receipt Book.
- (3) If an error is discovered after Part 2 has been issued to the taxpayer, make every effort to recover the erroneous copy. If that is not possible, submit Part 2 of the replacement receipt with Parts 1 and 3 of the voided receipt and in the explanation on the reverse of Part 1 include a

statement explaining why the erroneous Part 2 could not be recovered from the taxpayer. Ensure that the original receipt is voided and submit part 1 and 3 of the new receipt for processing.

- (4) The remittance processor checks Form 809 receipts as they are received to ensure that:
  - a. Receipts are submitted promptly after issuance.
  - b. That errors to non-critical items have been properly corrected and initialed.
  - c. That critical items are free of alterations, erasures, or markovers.
  - d. Cash payments are converted timely.

If improperly prepared receipts are received, or if receipts are not received timely or are out of numerical sequence, the manager of the employee issuing the receipts will be advised via Form 5919, Teller's Error Advice, so that corrective action may be taken. Form 5919 issuance criteria are summarized in Exhibit 5.4.1-7. Collection managers keep Part 1 of 5919, and give Part 2 together with the erroneous document to the originating employee for correction. When responding to Form 5919, the employee will prepare a supplemental Form 795 or Form 795A daily report for the Service Center Teller Unit, and will identify the response on Form 5919 as the basis for submitting a supplemental report. Managers will ensure that the correction, together with Part 2 of Form 5919, is returned to the remittance processor within 15 workdays of issuance. To avoid delay in depositing money covered by an erroneously issued Form 809 receipt, the remittance processor prepares Form 3244, Payment Posting Voucher, in triplicate with the original to be used as the posting document. In such cases note Forms 3244 "Form 3244 prepared to replace erroneously issued Form 809 Receipt No \_\_\_\_\_." The first copy of Form 3244 is then filed with the revenue officer's daily report and the second copy is retained by the remittance processor. Parts 1 and 3 of the erroneously issued Form 809 are returned to the revenue officer for correction. After a new receipt is issued Parts 1, 2, and 3 of the erroneous Form 809, annotated and stapled together in reverse order, and Parts 1 and 3 of the new receipt, are sent with the daily report. The copy of Form 3244 (triplicate) which had been retained by the remittance processor is associated and filed with Parts 1 and 3 of the replacement receipt.

5.1.2.2.5 (01-22-2001)  
**Ordering A New  
Form 809 Book**

- (1) In the back of each Form 809 Receipt Book are two copies of a "Request for Forms 809, Receipt for Payment of Taxes". Use these forms to ask for additional Forms 809 from the remittance processor. Submit the request in duplicate. The remittance processor keeps one copy of the request and uses the other to send the receipts.
- (2) Additional guidelines for the preparation of Form 809 in special cases are in IRM 5.10, Seizure and Sale Handbook (use during sales). Exhibit 5.1.2-1, for receipt of photocopy fees; IRM 5.1, Section 8 relating to courtesy investigations and IRM 5.2, Reports relating to the preparation and submission of Form 795 or Form 795A.

5.1.2.2.6 (01-22-2001)  
**Returning an  
809 Book Cover  
or A Partially  
Used 809 Book**

- (1) A receipt book is assigned for use by only one employee. When all the receipts in a book have been issued and accounted for, the employee submits Parts 4 and the book cover to the Service Center Teller Unit via Form 795 or Form 795A, for filing with the related receipt book acknowledgment, Parts 3, and other related parts, if any, of all issued receipts.
- (2) Return partially used books in person or send them to the Service Center Teller Unit via Form 795 or Form 795A. This should be mailed certified mail. Use the "Remarks" section of Form 795 or Form 795A to indicate the return of depleted or partially used 809 receipt books, on the day of personal delivery or certified mailing.
- (3) Form 5389, Separating Employee Clearance Certificate, may be used by the immediate manager to relieve separating, or employees transferring to another area, of responsibility for accountable items, including Form 809 receipt books. The manager will provide the employee with a copy of the clearance certificate and forward the Form 809 Receipt Book to the Service Center Teller Unit. Form 795 or Form 795A, or memorandum will be used for this purpose. The manager should identify employees that are no longer authorized to use Form 809.

5.1.2.3 (01-22-2001)  
**Lost or Stolen  
Form 809**

- (1) When a Form 809 receipt book, or individual Form 809 receipt, is lost or stolen, telephone the remittance processor in the Service Center immediately. Follow-up with a memorandum to the appropriate Territory Manager. Prepare the memorandum in quadruplicate and include:
  - a. Name and post of duty of the person to whom the receipts were issued.
  - b. Serial numbers of missing receipts and/or the parts of the missing receipts.
  - c. Date the receipts were lost or stolen.
  - d. A brief statement of the circumstances surrounding the loss or theft.
  - e. A statement of the action taken to recover the receipts.
- (2) Submit the memorandum and two copies through the manager to the appropriate Territory Manager who, after review and approval, will initial them. Forward a copy of the memorandum with Form 795 or Form 795A to the remittance processor who files it in place of the missing receipts.
- (3) After reviewing the report, the appropriate Territory Manager forwards one copy to the Area Director, and one copy to the Treasury Inspector General for Tax Administration (TIGTA). Also furnish copies to other areas within the area which should be alerted of the loss or theft.
- (4) In addition, if any part of the Form 809 is missing follow procedures under IRM 5.1.2.2.4, (2).

## 5.1.2.3.1 (01-22-2001)

**Recovery of  
Lost or Stolen  
Forms 809**

- (1) When Form 809 receipts which have been reported missing are recovered, prepare a report in quadruplicate containing the following:
  - a. Name and post of duty of the person reporting the recovery.
  - b. Serial numbers of the receipts recovered.
  - c. Date the receipts were recovered.
  - d. Date of the memorandum on which the receipts were reported as missing.
  - e. A statement that all recovered receipts have been canceled by voiding.
  - f. A brief statement of the circumstances surrounding the recovery of the receipts.
- (2) Void the recovered receipts by writing or stamping "VOID" on all four parts of each receipt. If the receipts remain in the Form 809 Receipt Book, it is not necessary to arrange them in reverse order. Explanation of the reason for voiding the receipts is not required on the reverse of Part 1; instead, a copy of the report concerning recovery should be stapled to the receipt book.
- (3) List the recovered receipts on your Form 795 or Form 795A by entering "Recovered 809 Receipts — Voided" in the "Taxpayer" column and the serial numbers of the receipts in the "Receipt No." column. Submit the recovered receipts, together with a copy of the memorandum report with Form 795 or Form 795A to the Service Center Teller Unit.
- (4) After verification of the listed items, the remittance processor files the recovered receipts, with a copy of the memorandum report, in the proper sequence, with memo copies of Forms 809 issued.
- (5) Submit the original and two copies of the report through the manager to the appropriate Territory Manager.
- (6) After review of the report, the appropriate Territory Manager forwards copies to the Area Director and the Treasury Inspector General for Tax Administration. Also furnish copies to any other areas originally alerted to the loss or theft.

## 5.1.2.4 (01-22-2001)

**Overview of  
Designated  
Payments**

- (1) A designated payment is a voluntary one that the taxpayer has directed to be applied in a particular manner, i.e., a specific period, kind of tax, tax portion, interest, etc., Normally, such direction will be followed by the Service.
- (2) In the absence of specific directions from the taxpayer, voluntary payments will normally be applied in a manner consistent with the provisions of Rev. Rul. 73-305 unless a specific statute, regulation or procedure designates otherwise.

## 5.1.2.4.1 (01-22-2001)

**Designated  
Payment Code**

- (1) Use of a designated payment code (DPC) is mandatory on all Collection initiated posting vouchers for Transaction Codes 640, 670, 680, 690, 693, and 700. DPC's are two digit codes, which serve a three-fold purpose. DPC's are for input to IMF and BMF only.
  - a. DPC's are used to facilitate identification of payments, which are designated to trust fund or non-trust employment and excise tax liabilities. In such cases, DPC's 01 and 02 are input with payments to Form 941 (MFT 01), Form 720 (MFT 03), Form CT-1 (MFT 09), Form 943 (MFT 11), and Form 1042 (MFT 12).
  - b. DPC's are used to indicate application of payment to a specific liability when a civil penalty module contains both a Trust Fund Recovery Penalty and any other type of civil penalty. In these cases, DPC's 01 and 02 are input to MFT 55 only.
  - c. DPC's 01 through 14 and 99 are used to identify the event which resulted in a payment. This is done at the time that payment is processed and may be used with any MFT to which the payment transaction code will post. Data from this type of input is Congressionally mandated and will be accumulated on a national basis to determine the revenue effectiveness of specific collection activities.
- (2) DPC's which are valid for use by Collection Field function and the DPC definitions are as follows:

<b>DPC</b>	<b>Definition</b>
01	Non-trust fund (alternate definition for MFT 55 only: Applied to penalty other than Trust Fund Recovery (Penalty.)
02	Trust fund (alternate definition for MFT 55 only: Applied to Trust Fund Recovery Penalty.)
03	Undesignated bankruptcy payment
04	Levy on state income tax refund (prior to 07/22/98)
05	Notice of Levy proceeds
06	Seizure and Sale
07	Federal tax lien
08	Suit
09	Offer in Compromise
10	Manually monitored installment agreement
11	Bankruptcy, designated to trust fund
13	Reminder Notice Deferred Payment
14	CSED expired, taxpayer authorized payment
15	Payment caused by a notice of levy but not a levy proceed
18	Federal Payment Levy Program
20	State Income Tax Levy Program systemically applied payment

DPC	Definition
21	State Income Tax Levy Program manually applied payment
22	Automated Levy Payment systemically applied payment
23	Automated Levy Payment manually applied payment
99	Miscellaneous payment other than 01 through 11 above
(3)	<p>DPC's through 11 and 99 are used to identify the event, which was primarily responsible for the payment being made. The examples, which follow, illustrate some of the uses of specific DPC's and situations in which specific DPC's should not be used.</p> <ul style="list-style-type: none"> <li>a. EXAMPLE — DPC 01, BMF Trust Fund Account: A payment is received on a Form 941 liability. A valid designation to non-trust fund is received. DPC 01 should be used. If no valid designation is received, use DPC 99.</li> <li>b. EXAMPLE — DPC 01, IMF Civil Penalty Module: A payment is received on an MFT 55 civil penalty module which consists of a Trust Fund Recovery Penalty and a W-4 penalty.</li> <li>c. EXAMPLE — DPC 02, IMF Civil Penalty Module: A payment is received on a liability. A valid designation to trust fund tax accompanies the check. DPC 02 should be used. If no valid designation is received, use DPC 99.</li> <li>d. EXAMPLE — DPC 02, IMF Civil Penalty Module: A payment is received on an MFT 55 civil penalty module, which consists of a Trust Fund Recovery and W-4 penalty. The payment is intended for the Trust Fund Recovery Penalty. DPC 02 should be used.</li> </ul> <p><b>Note:</b> When a civil penalty module consists of two or more Trust Fund Recovery Penalties for the same period, DPC 02 cannot be used to designate a payment to a specific Trust Fund Recovery Penalty assessment.</p>
(4)	<p>Refer to the ADP Handbook for information on the use of Designated Payment Codes (DPC). Generally, when a payment is received on an assessed TFRP, DPC 01 — Non-Trust fund or DPC 02 Trust fund is used.</p>

5.1.2.5 (01-22-2001)

#### Application of Proceeds From Levy

- (1) See IRM 5.10.5.9 Seizure and Sale Handbook "Application of Proceeds from Levy" and IRM 5.10.7.2 (2) "Income from Acquired Property".

5.1.2.6 (01-22-2001)

**SCCB  
Application  
Guidelines for  
Trust Fund  
Penalty  
Accounts**

- (1) A payment received from a person against whom the Trust Fund Recovery Penalty has been assessed will be applied to the earliest unpaid portion and period of that person's liability.
- (2) Payments will not be applied to a portion of any period for which all responsible persons are not liable solely to maximize the amount due from persons who did not pay.
- (3) However, the net amount of the TC 241, penalty reference number 699, applied to a portion of the amount due for a period should not exceed the amount of penalty attributed to that period.
- (4) The net amount is the TC 241, reference number 699, less the amount of any TC 240, reference number 699, of the same date.

5.1.2.7 (01-22-2001)

**Designated  
Payment Codes  
"03" and "11"  
Bankruptcy**

- (1) Designated Payment Code, DPC-03, should be used on most bankruptcy payments. In cases where a confirmed plan provides for designation to trust fund tax, DPC-11 should be used.
- (2) Detailed instructions related to application of payments in bankruptcy are contained in Section 13 of **5.9 Bankruptcy Handbook**. Generally, it is the responsibility of Insolvency Support to post payments when a taxpayer is in bankruptcy. Any questions related to designation of payments received from a bankrupt taxpayer should be referred to Insolvency Support.



Exhibit 5.1.2-1 (01-22-2001)  
Form 809 and Instructions

Form <b>809</b> (Rev. March 1991)		Department of the Treasury – Internal Revenue Service			Receipt Number	
<b>1 Posting Voucher</b>						
Identifying number and file source <b>1</b>	Check digit or name control <b>2</b>	MFT <b>5</b>	Category (check one) TDA <input type="checkbox"/> Notice <input type="checkbox"/> Other <input checked="" type="checkbox"/> <b>3</b>	Des Pmt Ind 01 02 03 04 05 06 07 08 09 10 11 99	<b>14</b>	
Tax form number <b>4</b>	Period covered <b>7</b>	Issue DTR <b>9</b>	Type of payment Cash <input type="checkbox"/> Check <input type="checkbox"/> Money Order <input checked="" type="checkbox"/> <b>6</b>	Assessed amount		
Payment received from (Name and address) If cash is received, see note on Part 3.				Accrued penalty		
				Accrued interest	<b>13</b>	
				Fees TC 360		
Signature of IRS employee <b>11</b>				Date <b>8</b>	Employee ID number <b>12</b>	Total amt. received
				Other TC	<b>15 18</b>	

**Part 1 – Posting Voucher**

Form 809 (Rev. 3-91)

Form <b>809</b> (Rev. March 1991)		Department of the Treasury – Internal Revenue Service			Receipt Number	
<b>3 Memo Copy</b>						
Identifying number and file source <b>1</b>	Check digit or name control <b>2</b>	MFT <b>5</b>	Category (check one) TDA <input type="checkbox"/> Notice <input type="checkbox"/> Other <input checked="" type="checkbox"/> <b>3</b>	Des Pmt Ind 01 02 03 04 05 06 07 08 09 10 11 99	<b>14</b>	
Tax form number <b>4</b>	Period covered <b>7</b>	Issue DTR <b>9</b>	Type of payment Cash <input type="checkbox"/> Check <input type="checkbox"/> Money Order <input checked="" type="checkbox"/> <b>6</b>	Assessed amount		
If cash is converted, identify vendor, serial number and date				Accrued penalty		
				Accrued interest	<b>13</b>	
				Fees TC 360		
Signature of IRS employee <b>11</b>				Date <b>8</b>	Employee ID number <b>12</b>	Total amt. received
				Other TC	<b>15 18</b>	

**Part 3 – Memo Copy (not a Posting Voucher)**

Form 809 (Rev. 3

**Exhibit 5.1.2-1 (Cont. 1) (01-22-2001)**  
**Form 809 and Instructions**

1) Taxpaying Entity's Employer Identification or Social Security Number (or the words "Applied For"), including the file source. File source must follow the last digit of the TIN as follows: "\*" invalid SSN, "N" non-master file SSN or EIN, etc. A valid IMF or BMF account is blank (no file source indicated).

2) Enter check digit as shown on the Bal Due or Notice for verification of the TIN. If check digit is not known, enter the name control for the taxpaying entity.

3) "Bal. Due " Accounts will utilize "TDA block" on ICS accounts. A revision to Form 809 will occur at a future date.

4) Tax Form Number

5) Enter the appropriate Master File Tax code for the type of tax being collected.

6) Check the type of remittance received. If different types of payment are received for the same tax period (i.e., cash, check, and/or money order), enter the amount of each type in the applicable block of the revision dated 4-77, or next to or below the applicable block on the revision dated 11-80 or later.

7) Enter the tax period as printed on the Bal Due, Notice, Tax Return, etc. (YYYYMM format).

8) Enter the date Form 809 is being issued.

9) Effective with the nationwide implementation of ICS, the Daily Transaction Register (DTR) block on Form 809 is obsolete. A revision to Form 809 will occur at a future date.

10) Print the full name and address (including zip code) of the taxpayer whose account is to be created with the payment. If Form 809 is being issued for payment received from a third party, that third party's name should be entered immediately below the line "Received from." Then, the statement "For the account of" should be entered immediately preceding the taxpayer's name. Use care to ensure that the "cash converted" area of part 3 is not obstructed by these entries in instances where cash is converted.

11) Signature of preparer.

12) Preparer's complete employee number.

13) Enter transaction amounts as follows:

*Assessed Amounts* — When Forms 809 are issued for payments received on Bal Due or Notices, the assessed amount being paid should be entered. This amount may include penalty, interest, lien fees and seizure-related expenses, if such items have been assessed. Do not enter amounts received with a tax return.

*Accrued Penalty and Accrued Interest* — Enter unassessed amounts only. When payment is received with a tax return, enter that portion of the payment, which is attributable to accrued penalty and accrued interest. The portion attributable to the tax amount shown on the return should be entered in the space "Other TC."

*Fees* — Enter lien fees and/or seizure related expenses, which have not been assessed previously.

*Other TC* — Additional debits. For example: Estimated Tax Penalty, TC-170; Failure to Deposit Penalty, TC 180; etc. Also, unassessed tax amounts should be entered in this block. For Restricted Interest and/or Restricted Penalty, see Section 2.1 of this chapter.

*Total amt. received* — Write appropriate transaction code (normally TC 670) within or near the block and enter the sum of the above amounts. Underline, in green pencil, the total payment.

14) Designated Payment Indicator — See Section 2.4 of this chapter.

15) Photocopy Fees — Make no entry for item numbers 2, 5, and 9. Insert dashes in those blocks. Write "Non-Tax" in the identifying Number and File Source block (1) and check "Other" in block (3). Block (6) is self-explanatory. In block (4) and (7) write out what the payment is for (i.e., photocopy fees). Insert the payment amount in the space adjacent to the "Other TC" space in block (13).

**Exhibit 5.1.2-1 (Cont. 2) (01-22-2001)  
Form 809 and Instructions**

16) If cash for which a Form 809 has been issued is converted to a bank draft or money order, record the name of the issuing bank or money order company, the serial number and the date in the block provided on Part 3 of the Form 809.

17) Forms 809 prepared for partial payments on the sale of seized property should be marked in the upper left corner of Parts 1, 2, and 3, "Partial Payment on Sale of Seized Property — Seizure Number.

18) User fees —(1) Identifying number and (2) name control are completed. Category "other" is checked in box (3). Tax Form Number and period covered blocks will contain the wording "I/A Fee" in blocks 4 and 7. Complete the type of payment in block 6. Write the user fee amount in the space adjacent to the "Other TC" space in block 15. Complete payment received from section (16). Complete signature (11), date (8) and Employee ID number (12) sections. MFT (5) and Issue DTR (9) sections are not completed.

